

# EXHIBIT D

Statement of Work Number 2

# EXHIBIT D



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**Aruze Gaming America, Inc.  
 Statement of Work Number 2  
 Transfer Pricing Benchmarking Analysis – FYE 2013**

This document is statement of work number 2 ("SOW") under the master services agreement dated June 25, 2013 between Aruze Gaming America, Inc. and McGladrey LLP ("the MSA"). Once signed on behalf of each party below, this statement of work will be deemed a part of the MSA and will be subject to all the terms of the MSA.

**Background**

Aruze Gaming America, Inc. ("Aruze," "AGA," or "the Company") is restructuring its business operations. As part of the restructuring, AGA's Hong Kong affiliate, Aruze Gaming (HK) Ltd. ("AGHK") will serve as the global operating organization for Aruze's non-U.S. sales. Aruze will need to create a transfer pricing model to take into account the intercompany transactions and economic returns for its global affiliated companies performing routine functions related to contract R&D (software development), contract manufacturing, and distribution of products.

**Project Description**

The scope of our work will be to assist you with a transfer pricing benchmarking analysis for application to routine functions performed by the Company's affiliates worldwide as follows:<sup>1</sup>

**Figure 1  
 Transfer Pricing Benchmarks and Aruze Entities**

<b>Benchmark / (Applicable Function)</b>	<b>Aruze Entities</b>	<b>Country</b>
Pan-Asian Contract R&D Services / (Software Development)	Aruze Software K.K.	JP
Pan-Asian Contract Manufacturing Services / (Contract Manufacturing)	AGA Philippines, Inc. Aruze Philippines Mfg., Inc.	PH PH
Pan-Asian Administrative Services / (Administrative Shared Services)	Philippines Shared Services Center	PH
Pan-Asian Distribution / (Limited Risk Distribution)	Aruze Gaming Australia Pty. Ltd. Aruze Gaming Macau Ltd.	AU MO
Pan-European Distribution / (Limited Risk Distribution)	Aruze Gaming Africa Pty. Ltd. <sup>2</sup>	ZA

<sup>1</sup> McGladrey will not perform an independent assessment or an analysis of the nature and business activities of each tested party. Aruze bears all responsibility in the use of the benchmarks provided.

<sup>2</sup> Pan-European comparables are accepted in ZA in lieu of (in case of no yield) local comparables for transfer pricing benchmarking purposes.

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The analysis will be based on the application of the Comparable Profits Method ("CPM") or Transactional Net Margin Method ("TNMM"), a transfer pricing method described in the U.S. Treasury Regulations §1.482-5 or the OECD Guidelines, respectively, for the purpose of establishing arm's length transfer prices for FYE 2013.<sup>3, 4</sup> McGladrey, under this statement of work, will perform an inquiry and brief review of the potential applicability of other transfer pricing methods, e.g., transactions between Aruze affiliates and third parties which may serve as internal benchmarks or comparables. The application of other transfer pricing methods is not in the scope of this statement of work. McGladrey will notify you of any additional transfer pricing issues uncovered during our research that go beyond the project scope noted.

None of the work conducted under this engagement is intended to be used, or shall be used, in solely its output form, to ensure compliance with any State's or the United States Treasury Regulations governing tax practice and/or for purposes of avoiding any tax-related penalties that may be imposed under State or Federal tax laws or those of any other foreign tax jurisdictions.

The objective of the benchmark search is to identify independent companies to determine a market value by reference to an operating profit margin for the distribution of products or to a markup on the costs of providing services for the respective Aruze entities as outlined in Figure 1, above.

We will research the Orbis financial database<sup>5</sup> in order to construct a sample of regional companies.<sup>6</sup> The methodology to identify independent companies will involve the following:

- a. Identify independent companies based on Standard Industrial Classification ("SIC") codes under which the distribution activities are classified.
- b. Determine adequacy of financial data

The search process will eliminate companies that do not have sufficient financial data by examining the companies' income statements in the database to ensure that the sample companies have at least three-years of financial data. This screening criterion is useful to: (i) eliminate development-stage and inactive companies; (ii) to provide sufficient historical data in order to even out one-year aberrations in financial results; and (iii) to normalize the effects of product or business cycles.

<sup>3</sup> Generally, the CPM/TNMM provides arm's length profit benchmarks from the financial results of third party companies engaged in similar functions, bearing similar business risks and operating under similar economic circumstances. That is, the CPM/TNMM evaluates whether the amount charged in a controlled transaction is at arm's length by comparing the profitability of the tested party to that of comparable companies rather than comparing particular transactions.

<sup>4</sup> Organisation for Economic Co-operation and Development ("OECD"), *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* ("OECD Guidelines"). The OECD Guidelines are effectively adopted in the countries where the Aruze affiliates operate.

<sup>5</sup> Orbis is produced by Bureau van Dijk (BvD) Electronic Publishing.

<sup>6</sup> The benchmark set would be composed purely of local-country companies if sufficient comparables are found. Otherwise, the benchmark set will be composed of regional companies, e.g., Pan-Asian, Pan-European, etc., which is a likely outcome.

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c. Examine development or ownership of intangible assets

The companies are also examined to determine to what extent, if any, they engaged in activities generally associated with the design and development of intangible assets of their own. Companies are excluded from the sample if they report an R&D to sales ratio greater than 3 percent in their financial information.

d. Review of Business Descriptions

As a final review to determine an appropriate set of companies, we will review the business descriptions of the remaining companies to establish whether the companies generally performed functions related to the above-listed activity.

**Deliverables**

We will prepare a limited scope transfer pricing benchmarking analysis memorandum for your use containing the following items for Aruze's affiliates' benchmarks:

- Company selection matrix;
- Summary business descriptions of the companies included in the benchmark;
- Financial data of the companies included in the benchmark; and
- Unadjusted, three-year (2010-2012)<sup>7</sup> Operating Profit Margin and Net Cost Plus markup benchmarks with interquartile range.

The deliverables as contemplated in this letter, do not constitute contemporaneous transfer pricing study and documentation as set out in U.S. Treas. Reg. §1.6662, and is not intended by McGladrey to be used without additional analysis for purposes of avoiding penalties that may be imposed on the taxpayer. Such a study and documentation could be prepared on your request under a separate statement of work.

Other intercompany transactions, if any, will be assumed to be at arm's length for purposes of our study and they will not be analyzed separately unless otherwise agreed under separate cover. McGladrey will notify you of any additional transfer pricing issues uncovered during our research that go beyond the project scope noted.

Only the Services described above are covered by this SOW. The services covered by this SOW do not include assistance with the Company's CSA's contractual, accounting, and reporting requirements; also not included are other consulting services involving transfer pricing issues with other transactions, such as assistance with journal entries, intercompany agreements, secondary adjustments, issue resolution, and FIN 48 / ASC 740, among others.

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<sup>7</sup> Selected comparable company financial information may not be available for 2012, in which case the benchmark models will be based on data from 2009-2011.

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Should you request additional tax planning, representation during an IRS examination or preparation services, please advise us. These additional services will be the subject of a separate arrangement letter.

#### **Fees**

Based on our experience and the information received to date, we anticipate that the fees for the work referred to above will be \$55,000. Our fees are based on the time required for work performed, the complexity of any technical issues addressed, and the impact of any deadlines imposed by you or third parties. In addition, we will bill for any direct expenses (e.g., database costs, travel, etc.). We will submit our bill for services rendered on a monthly basis.

Our engagement with the Company is limited to tax consultation services described herein. It is possible that technical complications and unforeseen costs may arise as we drill down on the facts and technical details. We will use our best reasonable efforts to manage such events as they arise within our agreed fee arrangement; however, it may be necessary to address some events outside the scope of this arrangement. We will alert you to such events as soon as reasonably possible after we become aware of them, present you with your reasonable alternatives, and seek your approval for any fee adjustments before performing any out-of-scope work.

#### **Period of Performance**

We recognize that the Company wishes to complete this project as quickly and as reasonably possible. McGladrey will complete its work in a timely manner; however, because this is a collaborative project, the project completion date will be determined in part by the Company. We will collaborate with the Company in setting target dates for each significant component of the project and we will work with the Company and its other advisors to complete work in a timely manner.

#### **Limitation on Liability**

We cannot guarantee that the methodology utilized, or any documentation that we provide, will result in a transfer price that is acceptable to the Internal Revenue Service or the taxing authorities of any other country. Therefore, you agree that any additional taxes, penalties, and interest related to transfer pricing adjustments that may be proposed by any taxing authority are the sole responsibility of Aruze and its affiliates and are not the responsibility of McGladrey.

#### **Oral Advice**

It is our policy to confirm to you in writing all tax advice upon which you may justifiably rely. Oral advice that is not confirmed in writing should be considered our preliminary reaction. You should not proceed in reliance on oral advice until receiving such written confirmation.

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Sincerely,

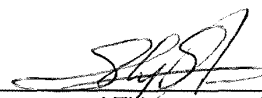
**McGladrey LLP**



Enrique Rayon, Director  
International Tax Services

Agreed and Accepted:

**Aruze Gaming America, Inc.**

  
\_\_\_\_\_  
Signature and Title *CEO*

*Aug 22 2013*  
\_\_\_\_\_  
Date